COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0889-13
Bill No.: Truly Agreed To And Finally Passed CCS #2 for HS for HCS for SCS for SB 236
Subject: Adds first cousins to the list of relatives eligible for adoption subsidies.
Type: Original
Date: June 1, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	$7,592,817	$8,442,964	$9,287,862 to $9,326,293
Total Estimated Net Effect on All State Funds	**$7,592,817**	**$8,442,964**	**$9,287,862 to $9,326,293**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on All Federal Funds*	**$0**	**$0**	**$0**

*** Revenues and expenditures to exceed $3.6 million annually and net to $0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 15 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DES)** assume the proposal will require funding the Missouri transition to independence grant:

FY 02	$1,500 per grant x 84 estimated recipients = $126,000 estimated grant costs.
FY 03	$1,500 per grant x 92 estimated recipients = $138,000 estimated grant costs.
FY 04	$1,500 per grant x 102 estimated recipients = $153,000 estimated grant costs.

The number of estimated recipients is limited to those consumers with disabilities exiting the nursing home with the assistance of the Missouri transition grant. The estimate does not include those consumers eligible for this grant due to aging.

To administer the program, seek federal and private grant funding, write grants, review applications, and develop information and training, Vocational Rehabilitation would require 1 FTE Supervisor and 1 FTE Administrative Assistant plus related expense and equipment for each. Therefore, the DES estimates total expenditures for the Transition to Independence Grants to be $223,602 for FY 02; $248,788 for FY 03; and $266,598 for FY 04.

Regarding the licensure provisions of preschool and school-age child care programs operating on elementary and secondary public school property, the proposal would require such programs to comply with the licensure provisions in Chapter 210 RSMo. Current regulations allow such programs to operate under license-exempt status. The DES encourages such programs to operate in accordance with the licensing requirements; however, the DES does not monitor, nor can it be readily determined, the extent to which such programs are Chapter 210 deficient.

Oversight assumes that the DES will be able to administer the Transition to Independence Grant program with existing personnel and will not need additional FTE and related expenses.

Officials from the **Department of Health,** the **Department of Public Safety - Missouri Highway Patrol,** the **Office of State Courts Administrator,** and the **Department of Insurance** assume the legislation will have no fiscal impact on their agencies.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this truly agreed and finally passed version removes all previous entries in section 376. The remaining provision of this bill that impacts the HCP is:

- Section 208.146, which requires a member eligible for an employer sponsored health plan to enroll in that plan. The Department of Social Services will financially assist these members with premiums, deductibles, etc. The HCP currently offers coverage for disabled members. Therefore, the impact of any additional members under this provision is thought to be minimal.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS)** made the following assumptions regarding the proposed legislation:

Section 208.146

The **DOS - Division of Medical Services (DMS)** estimated that 441 individuals will be eligible to enroll in the new category of eligibility group. The estimate is developed from data compiled from the Congressional Budget Office (CBO) as a result of the estimates conducted for the U.S. House version of HR 1108 (Work Incentives Improvement Act). According to the CBO, approximately 21,000 people who are disabled would return to work by 2004.

The DMS states that Missouri represents 2.1% of the overall population of the United States (21,000 x 2.1% = 441 new eligibles). The DMS states not all eligibles would apply in the first year of the program. It is projected that there would be 294 eligibles in the first year, 357 eligibles in the second year, and 441 eligibles in the third year.

The DMS stated the proposed legislation includes three cost components: 1) the Permanently and Totally Disabled under 150% of the poverty level, 2) the eligibles who have employer-sponsored health insurance, and 3) the eligibles between 151% and 250% of the federal poverty level:

1) The DMS estimates that 75% of the new eligibles would qualify for medical assistance as a Permanently and Totally Disabled individual. The projected eligibles for FY 02 is 221, FY 03 is 268, and FY 04 is 331.

The projected FY 02 cost per eligible of $1,085.40 is based on inflating the FY 00 average cost for Permanently and Totally Disabled (PTD) eligibles by the inflation and rate of growth for each component (pharmacy, physician, hospital, etc.). The inflation and growth rates are a one year average based on historical costs.

The projected Medicaid eligibles for each month was multiplied by the projected cost per eligible per month to arrive at the annual cost. The projected cost for FY 02 is $1,314,419; the projected cost for FY 03 is $3,919,848; and the projected cost for FY 04 is $5,362,200.

2) The projected number of eligibles that receive employer-sponsored health insurance is four. The average monthly premium is $110 a month. The inflation rate for premiums based on historical information is 10 - 15%. The projected cost for FY 02 is $5,280 (4 x $110 x 12); the projected cost for FY 03 is $5,952 ($110 x 1.125% = $124 x 4 x 12); and the projected cost for FY 04 is $6,720 ($124 x 1.125% = $140 x 4 x 12).

ASSUMPTION (continued)

3) The DMS assumes that the remaining eligibles will have incomes between 151% and 250% of the federal poverty level. This group of eligibles will be required to pay a premium for participation in the medical assistance program.

The projected Medicaid eligibles for each month was calculated with the premium collection included in the cost. The projected cost for FY 02 is $695,710; the projected cost for FY 03 is $1,176,528; the projected cost for FY 04 is $1,647,648.

The projected cost for Section 208.146 of the proposed legislation is:

FY 02:	$2,015,409
FY 03:	$5,102,328
FY 04:	$7,016,568

The DMS estimates 5 new staff members will be necessary to process the collection of premium payments for the working disabled and the CHIP premium groups. The current contract, which costs $720,828 annually, will not be renewed on July 1, 2001 with the proposed legislation. Therefore, the additional staff will start employment on July 1, 2001. The additional staff requested are a Fiscal and Administrative Manager, and Accountant III, an Accountant II, a Computer Information Tech III, and a Clerk Typist III. The net savings associated with the new staff in FY 02 is $385,484; in FY 03 - $420,407; and in FY 04 - $413,253.

In response to Oversight's question pertaining to whether costs related to this proposal are included in the department's current budget request, the DMS stated that $4,778,419 was requested to expand Medicaid eligibility for the working disabled.

Cost Estimates for Section 208.819

The DMS assumes the Division of Vocational Rehabilitation would request funding for the $1,500 grant.

Officials from the **DOS - Division of Family Services (DFS) - Children's Services Unit (CSU)** stated the proposed legislation would not fiscally impact their organization at the present time. However, if because of lesser reimbursements and fewer services provided, grandparents and relatives apply for and become eligible for Subsidized Guardianship, there will be an impact upon Adoption Subsidy funds.

ASSUMPTION (continued)

The CSU officials stated that in FY 02, it is estimated that 5,197 children will receive Grandparents As Foster Parents (GAFP) benefits. The proposed legislation would result in 2,120 children losing eligibility. Of that number, the CSU estimates that 527 (25%) would have previously been in the custody of the DFS and would remain eligible for Subsidized Guardianship.

The CSU estimates the fiscal impact of the proposed legislation to the General Revenue Fund to be $1,892,773 for FY 02 (10 months); $3,030,476 for FY 03; and $3,536,138 for FY 04.

Officials from the **DOS - DFS - Income Maintenance Unit (IMU)** stated that they assume that once GAFP funds are obligated, any new individuals determined eligible for the program would be placed on a waiting list until funding was available. Based on the program's current anticipated growth rate, the following projections reflect the number of cash eligible children per month: FY 02 - 5,197; FY 03 - 6,934; and FY 04 - 8,091. Based on the 1990 U.S. Census Data, 59.2% of Missouri households 50 years of age and older have an income below 200% of the Federal Poverty Level. Since there are currently no limits for the GAFP eligibility, the IMU assumed that 59.2% of the above anticipated cash eligible children would remain eligible. The anticipated cash eligible children per month would be reduced to: 3,077 (5,197 x 59.2%) for FY 02; 4,105 (6,934 x 59.2%) for FY 03; and 4,790 (8,091 x 59.2%) for FY 04. The number of children no longer eligible per month for the GAFP are estimated at: 2,120 (5,197 - 3,077) for FY 02; 2,829 (6,934 - 4,105) for FY 03; and 3,301 (8,091 - 4,790) for FY 04.

The IMU also assumes the average cost of maintenance per child in the program will remain constant at $275.33 per month. The maintenance reimbursement is tied to the Foster Care Maintenance Payment Rate. Therefore, the reduction of the reimbursement to 75% would reduce the maintenance cost to $206.50 per month per child. Cost savings are estimated to be $68.83 ($275.33 - $206.50) per month for each child no longer eligible.

The current rate of maintenance is $275.33 per month per child, regardless of the number of children in the household. This legislation requires the DFS to establish a reduced cash benefit for households providing care for three or more children. The criteria the DFS would use consists of reducing the GAFP payment for the third and subsequent children in the household to no less than the Temporary Assistance grant amount for one person. The current rate is $136.00 per month.

Based on data supplied by the DOS Research and Evaluation Unit, 16.5% of the children currently receiving benefits will receive a reduced grant. The reduced grant shall be no less than

$136.00 per child. The IMU estimates costs savings to be $70.50 ($206.50 - $136.00) per child.

ASSUMPTION (continued)

The IMU assumes the decreased number of eligible families will reduce the overall supportive services costs. The estimated cost savings for reduced supportive services is estimated to be $83.60 for each child no longer eligible.

Currently all GAFP children are eligible for child care assistance regardless of household income. The GAFP households would need to meet child care income guidelines to be eligible under this legislation, thereby reducing support services costs.

The IMU assumes that grandparents no longer eligible for the GAFP will become eligible for either Temporary Assistance as a Non-Parent Caretaker Relative who is not needy or Subsidized Guardianship. Approximately 25% of the children currently receiving the GAFP would be eligible for Subsidized Guardianship through Children's Services. The remaining 75% would be eligible for Temporary Assistance.

The average GAFP household has 1.8 children. The Temporary Assistance grant for a two person household is $234.00. As all Federal TANF funds are obligated, Temporary Assistance payments for grandparents shifting from the GFAP will come from General Revenue. No staff were appropriated upon passage of the GAFP legislation in 1999; therefore, no staff reduction is anticipated as a result of the proposed legislation. Therefore, the IMU has estimated the annual costs as a result of children moving from the GAFP to TANF to be $2,480,400 for FY 02 (10 months); $3,310,320 for FY 03; and $3,862,560. Estimated savings as a result of reductions in non-eligible children for annual maintenance cost savings, annual maintenance costs savings for reduction in maintenance payments, annual maintenance cost savings for reductions in maintenance payments for multiple children, and support service costs saving for non-eligible children are estimated to be $12,102,177 for FY 02 (10 months); $16,148,538 for FY 03; and $18,842,920 for FY 04.

Officials from the **DOS - Division of Aging (DA)** stated:

208.146 Ticket to Work and Work Incentives Improvement Act of 1999

This bill would create a new population of Medicaid eligibles by extending medical assistance to working individuals who have income less than 250% of the Federal Poverty Level and meet the definition of disabled under SSI or have a medically improved disability under the federal TWWIIA. The proposed legislation would increase the number of individuals eligible for Medicaid.

The DA assumes that proposed funding for services are for federal Medicaid program funded services and not state GR appropriated services.

ASSUMPTION (continued)

The DFS and the DMS assumes that 441 new individuals will meet the eligibility requirements as stated in this bill for individuals who are disabled and have income at or below 250% of the federal poverty level. Of these 441 eligibles, 294 will enter the program in the first year, 63 additional eligibles will enter the program the second year (294 + 63 = 357 total eligibles) and 84 additional eligibles will enter the program the third year (294 + 63 + 84 = 441 total eligibles). Based on the assumption that the participation rate for in-home services is 29.12% (20,363 / 69,928) the DA estimates that 86 (294 x 29.12%) additional recipients will access home care as an alternative to facility placement and will require case management. Based upon the assumption that these clients enter the Medicaid program who previously would not have qualified for the program, the DA estimates that 86 new clients will require case management in the first year. The DA estimates that 104 (357 x 29.12%) clients will require case management in the second year and 128 (441 x 29.12%) in the third year. The DA will need one (1) additional Social Service Worker II (SSW) position the first year to case manage the new eligibles based on current average caseload size of 80 cases per SSW (86 / 80 =1.075). The DA will need one (1) SSW position or no additional worker the second year (104 / 80 = 1.300) and two (2) SSW positions or one (1) additional position the third year (128 / 80 = 1.600). The one (1) Social Service Worker position in Year 1 will be placed in Greene county. The additional one (1) worker in Year 3 will be placed in Jackson county.

Oversight assumes the DA would hire the necessary staff to maintain the current Social Services Worker (SSW) caseload of approximately 139 cases per caseworker and would place the SSW in the county having the greatest need. However, we are ranging the costs associated with implementing the proposed legislation based on current caseload standards to the caseload standards recommended by the caseload study and the DOS's FY 02 Budget Request.

208.819 Transition to Independence Grants

There would be no immediate fiscal impact on Division of Aging, Institutional Services (DAIS) as a result of the proposed legislation. As individuals with disabilities return to the community from institutional settings, it is possible that some facilities inspected by DAIS could see a decrease in their resident census; however, with the rapid growth expected over the next twenty years in the elderly population, DAIS cannot readily determine the degree of impact on facilities. Additionally, since the decision to return to the community is vested with the individual, DAIS cannot determine the location or level-of-care of facilities that may a reduction in residents.

Although there is no immediate fiscal impact on the Division of Aging, Home and Community Services (DAHCS), there may be a long range fiscal impact from the proposed legislation due to a possible increase in the number of persons transitioning from the nursing homes or institutional

based settings into the community. Therefore, based upon the increase in the number of persons returning to the community there may be additional individuals who will require in-home services which would result in a need for additional case managers (social service workers).

The DA assumes that working with the DMS and the Division of Vocational Rehabilitation to develop information and training on community-based services options for residents transitioning into the community could be handled with existing staff and resources. The DA further assumes that the training of representatives of disability-related community organizations would be done by the Division of Vocational Rehabilitation and that any fiscal impact associated with this training would be reflected in their response to the proposed legislation.

Based on previous experience, the following amounts represent the average annual expense of an FTE:

- Rent (Statewide Average) - $2,700 per FTE ($13.50 per sq. ft. x 200 sq. ft.)
- Utilities - $320 per FTE ($1.60 per sq. ft. x 200 sq. ft.)
- Janitorial/Trash - $200 per FTE ($1.00 per sq. ft. x 200 sq. ft.)
- Other Expenses - $3,906 per FTE (includes travel, office supplies, professional development, telephone charges, postage and all other expenses not itemized above.)

In addition to the above standard costs, systems furniture for the new HCS staff in Jackson county will be needed at a cost of $4,500. A desktop PC will be needed the two (2) HCS field staff at a cost of $2,099 each.

FY 02 costs for the Social Service Worker positions are based on the 10-month period September 1, 2001 through June 20, 2002. FY 03 and FY 04 costs include a 3.0% inflation adjustment for expense and equipment costs and a 2.5% inflation adjustment for personal services.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
Savings - Department of Social Services			
Reduction in Personal Services	$241,547	$247,647	$253,867
Contracted Services Cost Savings	$360,414	$360,414	$360,414
Total Savings - Department of Social Services	$601,961	$608,061	$614,281
Program Savings - Department of Social Services - Division of Family Services			
Maintenance Cost Savings - Non-Eligible Children	$7,004,395	$9,346,903	$10,906,372
Maintenance Cost Savings - Reduction in Maintenance Payments	$2,541,479	$3,390,565	$3,956,349
Maintenance Cost Savings - Reduction in Maintenance Payments - Multiple Children	$429,519	$573,017	$668,636
Support Services Cost Savings	$2,126,784	$2,838,053	$3,311,563
Total Program Savings - Department of Social Services - Division of Family Services	$12,102,177	$16,148,538	$18,842,920
Costs - Department of Social Services - Division of Medical Services			
Personal Service (2.5 FTE)	($96,463)	($98,875)	($101,348)
Fringe Benefits	($32,151)	($32,955)	($33,779)
Equipment and Expenses	($30,270)	($9,374)	($9,429)
Medical Assistance Payments	($424,386)	($1,626,433)	($2,371,838)
Total Costs-Division of Medical Services	($583,270)	($1,767,637)	($2,516,394)
Costs - Department of Social Services - Division of Family Services			
Personal Services (1 FTE)	$0	($20,442)	($20,953)
Fringe Benefits	$0	($6,813)	($6,984)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Equipment and Expense	$0	($7,272)	($1,372)
Subsidized Guardianship Expenditures	($1,892,773)	($3,030,476)	($3,536,138)
Movement from GAFP to TANF	($2,480,400)	($3,310,320)	($3,862,560)
Total Costs - Division of Family Services	($4,373,173)	($6,375,323)	($7,428,007)
GENERAL REVENUE (cont.)			
Costs - Department of Social Services - Division of Aging			
Personal Services (0.65 to 1.3 FTE)	($18,475)	($22,724)	($23,292) to ($46,584)
Fringe Benefits	($5,681)	($6,988)	($7,163)) to ($14,325)
Equipment and Expense	($4,722)	($2,963)	($3,052) to ($11,029)
Total Costs - Division of Aging	($28,878)	($32,675)	($33,507) to ($71,938)
Costs - Department of Elementary and Secondary Education			
Missouri Transition Grants	($126,000)	($138,000)	($153,000)
Total Costs - Department of Elementary and Secondary Education	($126,000)	($138,000)	($153,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**$7,592,817**	**$8,442,964**	**$9,287,862 to $9,326,293**
FEDERAL FUNDS			
Savings - Department of Social Services			
Reduction in Personal Services	$394,101	$404,055	$414,205
Program Savings - Department of Social Services			
Contract Cost Savings	$360,414	$360,414	$360,414
Income - Department of Social Services - Division of Aging			
Medicaid Reimbursements	$15,551	$17,595	$18,042 to $38,737
Income - Department of Social Services -			

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Division of Family Services			
Medicaid Reimbursements	$0	$17,007	$14,435
Income - Department of Social Services - Division of Medical Services			
FEDERAL FUNDS (cont.)			
Total Income and Program Savings - Department of Social Services	$1,799,149	$3,695,346	$4,875,557 to $4,896,252
Costs - Department of Social Services - Division of Medical Services			
Personal Services (2.5 FTE)	($96,466)	($98,877)	($101,348)
Fringe Benefits	($32,152)	($32,956)	($33,779)
Equipment and Expenses	($30,270)	($9,375)	($9,432)
Medical Assistance Payments	($870,195)	($2,755,067)	($3,923,902)
Total Costs-Division of Medical Services	($1,029,083)	($2,896,275)	($4,068,461)
Costs - Department of Social Services - Division of Family Services			
Personal Services (0.33 FTE)	$0	($10,069)	($10,320)
Fringe Benefits	$0	($3,356)	($3,440)
Equipment and Expense	$0	($3,582)	($675)
Total Costs - Division of Family Services	$0	($17,007)	($14,435)
Costs - Department of Social Services - Division of Aging			
Personal Services (0.35 - 0.7 FTE)	($9,948)	($12,236)	($12,542) to ($25,084)
Fringe Benefits	($3,059)	($3,763)	($3,857) to ($7,713)
Equipment and Expenses	($2,544)	($1,596)	($1,643) to ($5,940)
Total Costs - Division of Aging	($15,551)	($17,595)	($18,042) to ($38,737)
Loss - Department of Social Services			
Reduction in Medicaid Funding - Reduction in Personal Services	($394,101)	($404,055)	($414,205)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Contract Cost Savings	($360,414)	($360,414)	($360,414)
Total Loss-Department of Social Services	($754,515)	($764,469)	($774,619)
NET ESTIMATED EFFECT ON FEDERAL FUNDS*	**$0**	**$0**	**$0**

*** Revenues and expenditures to exceed $3.6 million annually and net to $0.**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

TEMPORARY ASSISTANCE - Current law allows the grant of temporary assistance benefits (TANF) on behalf of a dependent child and applies federal time limits on assistance. New language allows enrollment in post-secondary education programs to qualify as a work activity if the recipient is making progress toward completion of the program. Class time and study time will apply toward the weekly work requirement. The five-year time limit on assistance will continue to apply, unless excepted by Division rule. As of January 1, 2002, the Department of Social Services must make a detailed report on TANF to certain standing committees in the General Assembly. (Section 208.040).

New provisions under the federal Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) are implemented. It provides that medical assistance may be provided employed persons who:

1. Are considered disabled under supplemental security income definitions or have a medically improved disability under TWWIIA; 2. Meet specific asset limits; and 3. Have an annual income of 250 percent of the federal poverty level or less. Income does not include a spouse's income, up to $100,000 or a child's income. Persons with income of 150 percent of less will pay a premium.

In determining eligibility, certain assets are excluded. Eligibility will not be affected by the maintenance of an "independent living development account" held for specific purposes. Eligibility may be affected if an individual's employer offers a more cost-effective health care plan. The Department of Social Services, however, may pay premiums and other charges for the individual and provide medical assistance as a supplemental policy. Specific premium amounts are provided, based on an individual's income. The Department may not contract for the collection of premiums, but rather shall use monthly electronic funds transfers or employer deductions.(Section 208.146).

According to Section 208.819, Medicaid eligibles in nursing homes may be eligible for a one-time transition to independence grant of up to $1500. The Division of Vocational

Rehabilitation will administer the grants. Disability-related community organizations will have access to institutionalized individuals in order to inform them of community-based living options. (Section 208.819).

ADOPTION AND GUARDIANSHIP - Placement of a child may not be delayed or denied on the basis of race, color, or national origin. This act removes the requirement in adoptive placement that consideration be given to a child's cultural, racial, or ethnic background. (Section 453.005).

Currently, a grandparent, aunt, uncle, or adult sibling of a child MAY receive adoption subsidies if they are a child's legal guardian. This act adds adult first cousins of the child to the eligibility list. (Section 453.072).

Current law requires Missouri to honor adoption decrees from other states and foreign countries. New language provides that foreign adoptions are recognized when the child has migrated to the United States with permission. (Section 453.170).

GRANDPARENTS AS FOSTER PARENTS - This act recodifies the Grandparents as Foster Parents Program under sections 453.320 and 453.325. This act makes the Program subject to appropriations and adds a 200 percent of the federal poverty level income restriction to Program eligibility. The Program will reimburse up to 75 percent of the current foster care payment schedule. Finally, certain Program duties become discretionary rather than mandatory. (Sections 453.320 - 453.325).

CHILD CARE - This act deems any licensed child care program for school age children that is located on school property to be in compliance with safety, health, and fire regulations.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Health
Department of Social Services
Department of Public Safety - Missouri Highway Patrol

SOURCES OF INFORMATION (continued)

Missouri Consolidated Health Care Plan
Department of Insurance

Jeanne Jarrett, CPA
Director
June 1, 2001